



# BENEFITS FOR TOMORROW

Tennessee Human Resources Conference

July 19-20, 2016



# State Group Insurance Plan Background

- Purpose:
  - Comprehensive, affordable, sustainable group benefits
  - Market competitive
- Advantages:
  - Self-funded – no premium tax, no reinsurance fees, surplus remains with the plan and its members
  - Low group rates and low premium increases
  - Rich, affordable benefits for all plan types
  - Support for retiree health contribution
  - Leverages competitive procurement and group purchasing power



# We Operate Big Plans



**Total Enrollment  
275,551**

- \$751M budgeted state dollars Plan Year 2016 for state plan
- State plan contribution averages 80% across all premium tiers and plan options

Partnership PPO	Annual Premium		
	EE Share	ER Share	Total
Employee Only	\$1,422	<b>\$6,478</b>	\$7,900
Employee + child(ren)	\$2,133	<b>\$9,717</b>	\$11,850
Employee + spouse	\$2,986	<b>\$13,603</b>	\$16,589
Employee + spouse + child(ren)	\$3,697	<b>\$16,842</b>	\$20,539



# Governance – State Insurance Committee

- TCA Title 8 Chapter 27 Sections 101 through 209
- Enter into contracts with insurance companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice necessary to administer the state sponsored insurance plans
- Promulgate rules and regulations for the purpose of administering the group insurance plans for state employees
- Delegate a committee to handle and resolve disputes, including appeals, regarding benefits and eligibility
- Fiduciary responsibility to ensure fund is fiscally sound
- Protects financial integrity of the plans



# Insurance Committee Roles & Responsibilities

- Adopt plan of benefits
- Approve the Plan Document
- Set premium rates within budgeted and appropriated limits by considering:
  - Financial factors necessary for plan financing
  - Trends for self-insured medical plans
  - Financial status of plans
- Delegate procurement activity and evaluate results of procurements
- Approve contract awards
- Review status of administrative contracts and insurance policies
- Provide for voluntary benefits
- Provide for an audit committee



# State Insurance Committee Members

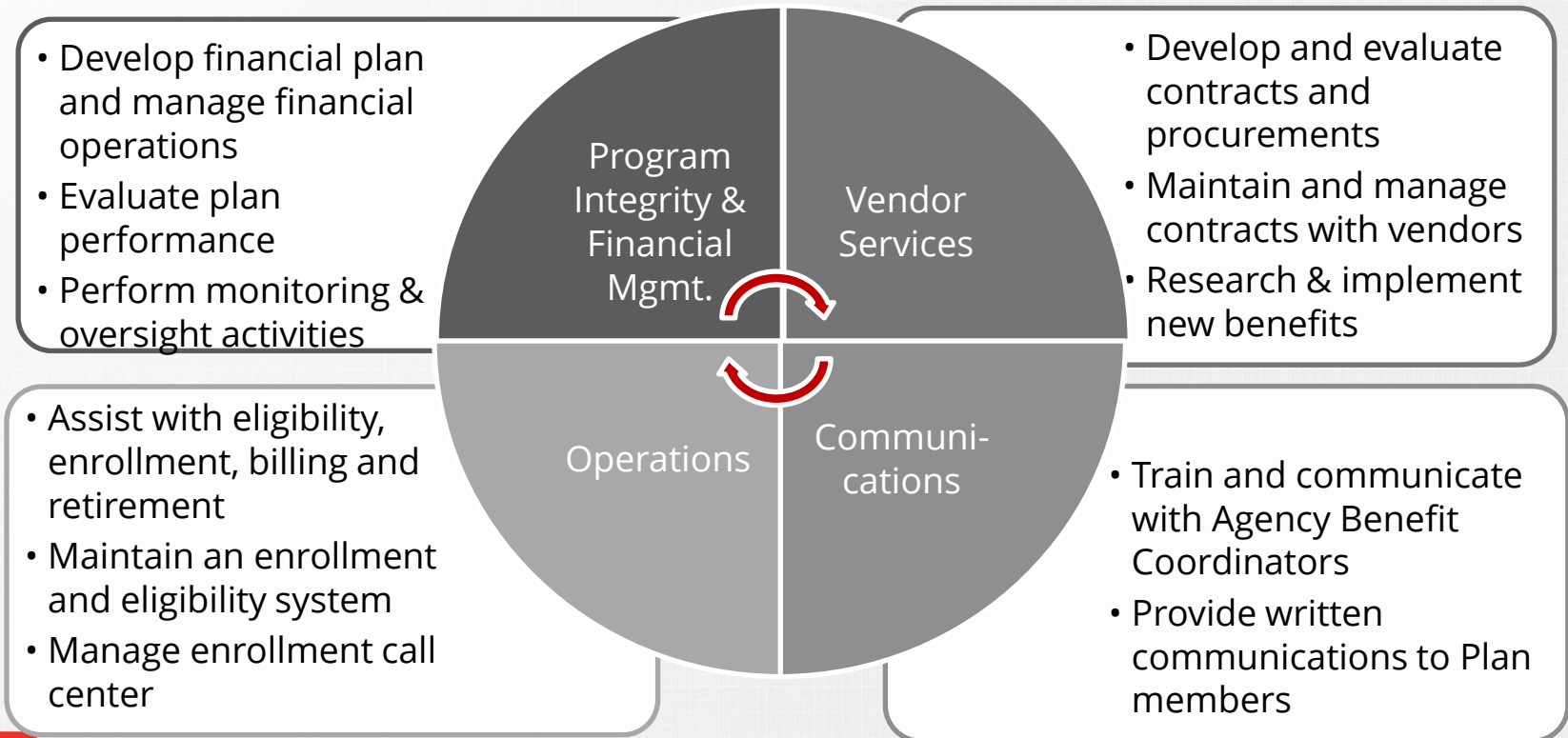
- Commissioner of Human Resources
- State Treasurer
- Commissioner of Commerce and Insurance
- Comptroller of the Treasury
- Commissioner of Finance and Administration
- Chairs of the Senate and House of Representatives Finance, Ways and Means committees
- A member of the Tennessee state employees association
- Three state employees (one of whom shall be an employee of either the University of Tennessee or the state university and community college system)



# Benefits Admin. Roles & Responsibilities

- Serve as staff to the Committees
- Recommend actions to the Committees

- Maintain and implement policies & procedures
- Plan, develop, manage and evaluate services





# Health Care Cost Drivers are Complex

- Heavy disease burden - individual behaviors and lifestyles
- Demographics – age, gender, genetics
- Socioeconomic (income, education, norms)
- Per unit price
- Technology development
- Marketplace dynamics (payment incentives, specialty care)
- Provider consolidation
- Lack of consumer engagement in value purchasing
- Fragmented and uncoordinated care
- ACA compliance
- Quality and safety (overuse, underuse, misuse)
- Malpractice litigation
- End of life care



# Medical Costs Continue to Increase

State/Higher Ed	Jan – Mar 2015	Jan – Mar 2016	\$ Change	% Change
Medical Claims	\$ 128.8 M	\$ 134.8 M	\$ 6.0 M	4.66%
Pharmacy Claims	\$ 36.5 M	\$ 44.0 M	\$ 7.5 M	20.55%
Behavioral Health Claims	\$ 2.1 M	\$ 2.5 M	\$ .4 M	19.05%
Wellness	\$ 24.8 M	\$ 24.4 M	(\$ .4 M)	(1.61%)
Administrative Costs	\$ 15.3 M	\$ 13.5 M	(\$ 1.8 M)	(11.76%)
Total Costs	\$ 207.5 M	\$ 219.2 M	\$ 11.7 M	5.64%



# Disease Burden

- We Spend Half our \$ on Chronic Conditions

Medical Spend by Health Risk		
Population Segment	Prevalence	Total Healthcare Spend
Non-users	6.3%	0.0%
Well, but at risk	3.2%	0.9%
Presence of an acute condition	66.7%	37.8%
Living with a chronic disease	23.6%	49%
Living with a catastrophic illness	0.2%	12.4%



# Cost of Chronic Conditions

# of Chronic Conditions	Average Allowed Amount Per Member Per Year
1	\$809.53
2	\$2,458.32
3	\$5,572.73
4	\$11,028.52
5	\$15,544.84
6	\$23,734.04
7	\$31,146.56



# Looking Back - 2009 Events





# 2009 State Benefits

- 3 Plan Options:
  - POS, PPO, HMO
- 2 plans without deductibles
- Inpatient stays = \$100 copay
  - In 2013 the average cost of a hospital stay in TN averaged \$1,280 - \$1,880 per day\*
- \$50 pharmacy co-pay most expensive
  - In 2015 the average cost for a full-treatment prescription cancer regimen is roughly \$150,000 per patient\*\*
  - Currently, the average plan member has 15.5 prescriptions per year

\*Kaiser State Health Facts

\*\*Express Scripts 2015 Drug Trend Report





# Benefit Design Considerations

- Cost drivers
- Appropriate utilization
- Appropriate site of care
- Quality
- Prevention
- Health improvement/Wellness
- Industry Best Practices and trends in benefit design
- Benefit offering comparable to other states, employers in TN
- Employer and member feedback
- Clinical outcomes compared to regional and national averages
- State Budget
- Statewide initiatives



# Back to the Future – CDHP

- Consumer Driven Health Plan (CDHP) rolled out in 2016
  - Higher deductible and lower premiums
  - Health savings account (HSA) allows you to save for future healthcare costs – especially important for new hires not eligible for retiree health coverage
  - HSA is tax advantaged
- Transparency is key because prices for medical services vary widely even in the same state
- Both BCBST & Cigna have online cost transparency tools

Service	Knoxville	Nashville	Difference*
Knee replacement	\$26,291	\$34,895	\$8,604
Pregnancy ultrasound	\$223	\$306	\$83
MRI	\$96 - \$617		

\*Source: Health Care Cost Institute analysis of insurance claims data from Guroo.com; Credit: Lisa Charlotte Rost/NPR



# Statewide Network

- **NEW Network Option**
  - Cigna Open Access Plus
  - Available in all regions
  - Broader network
  - Loss of provider discounts makes this a more expensive option
  - Members will pay \$40/\$80 extra per month for this network
- Current networks BCBS Network S and Cigna Local Plus will still be options with no additional cost



# New Behavioral Health Vendor - Optum

- Members do not need to make a separate selection
- Health plan members will automatically have access to services
- The network is different
- Members need to pay close attention to the network and may need to make a provider change



# Voluntary Benefits

*"Employee Demand Makes  
Voluntary Benefits Mandatory for  
Employers"*



*"Voluntary benefits  
increasingly important to  
employers"*



*"Implementing Voluntary  
Benefits Improves  
Retention"*



**New for 2017**

## Short-Term & Long-Term Disability

- Short-Term Disability
  - 2 benefit options
  - Pays 60% of salary weekly
  - 14 day & 30 day elimination periods
- Long-Term Disability
  - 4 benefit options
  - Pays 60% or 63% of salary monthly
  - 90 day & 180 day elimination periods
- Guaranteed issue this open enrollment & for new hires





# EEOC Issues Final Wellness Regulations

- In May 2016, the Equal Employment Opportunity Commission (EEOC) released final regulations on wellness programs under the Americans with Disabilities Act (ADA) and Genetic Information Non-Discrimination Act (GINA)
- Regulates the use of financial inducements and applies to plan years beginning on or after January 1, 2017
- Final ADA regulations address how plan sponsors may use incentives to encourage employees to participate in the wellness plans
  - Employers may not deny coverage under any group health plan to employees for nonparticipation or **limit the extent of benefits**
  - Employers may still offer incentives up to 30% of the total cost of self-only coverage based on participation in a wellness program



# Plan Options

- Plan Offerings: Partnership PPO, Standard PPO, and HealthSavings CDHP
- Any member may enroll in the Partnership PPO or CDHP plan
- Employees who choose the Partnership or CDHP plan but decline to participate in the wellness program must still have access to the benefit but will pay more than employees who participate in the wellness program
- Partnership PPO wellness participants will receive a premium incentive of \$50 for employee and employee + child(ren) and \$100 for employee + spouse and employee + family
- CDHP Wellness participants will receive \$500/\$1,000 HSA funding



# 2017 State Monthly Rates

	2017 Premiums			Change			Wellness Incentive *
	EMPLOYEE SHARE	EMPLOYER SHARE	Total	EMPLOYEE SHARE	EMPLOYER SHARE	Total	
Partnership PPO (NonWellness)							
Employee	\$183	\$572	\$755				
Employee+Child(ren)	\$250	\$857	\$1,107				
Employee+Spouse	\$380	\$1,200	\$1,580				
Employee+Spouse+Child(ren)	\$446	\$1,486	\$1,932				
Partnership PPO							
Employee	\$133	\$572	\$705	\$15	\$32	\$47	\$50
Employee+Child(ren)	\$200	\$857	\$1,057	\$22	\$47	\$70	\$50
Employee+Spouse	\$280	\$1,200	\$1,480	\$31	\$66	\$98	\$100
Employee+Spouse+Child(ren)	\$346	\$1,486	\$1,832	\$38	\$82	\$120	\$100
HealthSavings CDHP							
Employee	\$84	\$572	\$656	\$3	\$32	\$35	
Employee+Child(ren)	\$127	\$857	\$984	\$5	\$47	\$52	
Employee+Spouse	\$177	\$1,200	\$1,377	\$7	\$66	\$73	
Employee+Spouse+Child(ren)	\$219	\$1,486	\$1,705	\$7	\$82	\$89	
Standard PPO							
Employee	\$130	\$572	\$702	(\$13)	\$32	\$19	
Employee+Child(ren)	\$197	\$857	\$1,054	(\$6)	\$47	\$42	
Employee+Spouse	\$275	\$1,200	\$1,475	(\$24)	\$66	\$43	
Employee+Spouse+Child(ren)	\$340	\$1,486	\$1,826	(\$18)	\$82	\$64	

\* Wellness incentive for HealthSavings CDHP is annual \$500/\$1,000 HSA funds



# Wellness Program Strengths

- We are seeing improvements!
  - Higher preventive screening rates
  - Avoidable admission costs decreased by \$4 million
  - Lower admissions/1,000 for chronic all disease managed conditions (diabetes, CHF, CAD, asthma, COPD)
  - Decrease in ER visits resulting in \$26 million cost avoidance
  - Improvement in percent of members meeting blood pressure targets and percent of members compliant with medications
- High participation
- Improvement in case management participation
- Aggressive outcome measures
- High member satisfaction with biometric screenings



# Next Generation Wellness

- Improved member engagement
- More “real-time” incentives
- Increased member satisfaction
- Less complexity
- Consistent & enhanced leadership support
- Multiple modalities (online, telephonic, in-person)
- Holistic wellness encompassing factors such as social connectedness, job satisfaction, financial security, physical health and emotional health

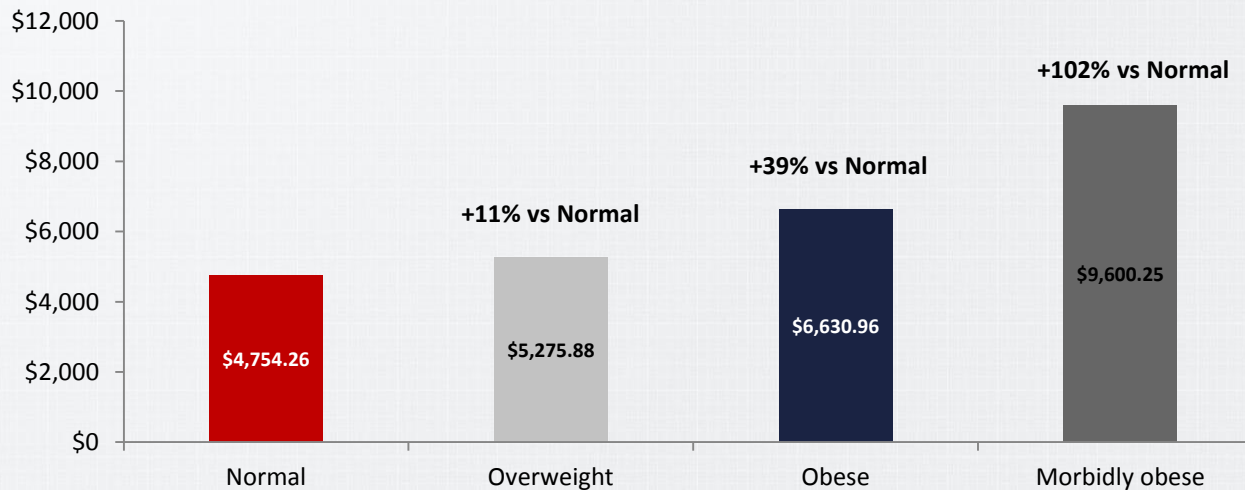


# Why Wellness Matters

- TN ranked 43<sup>rd</sup> in the 2016 America's health rankings
- State plan members mirror this profile
- More than 35,000 (29%) obese members enrolled in the Partnership PPO and 7,666 (22%) of these members are morbidly obese



## Increase in Healthcare Costs as Weight Increases

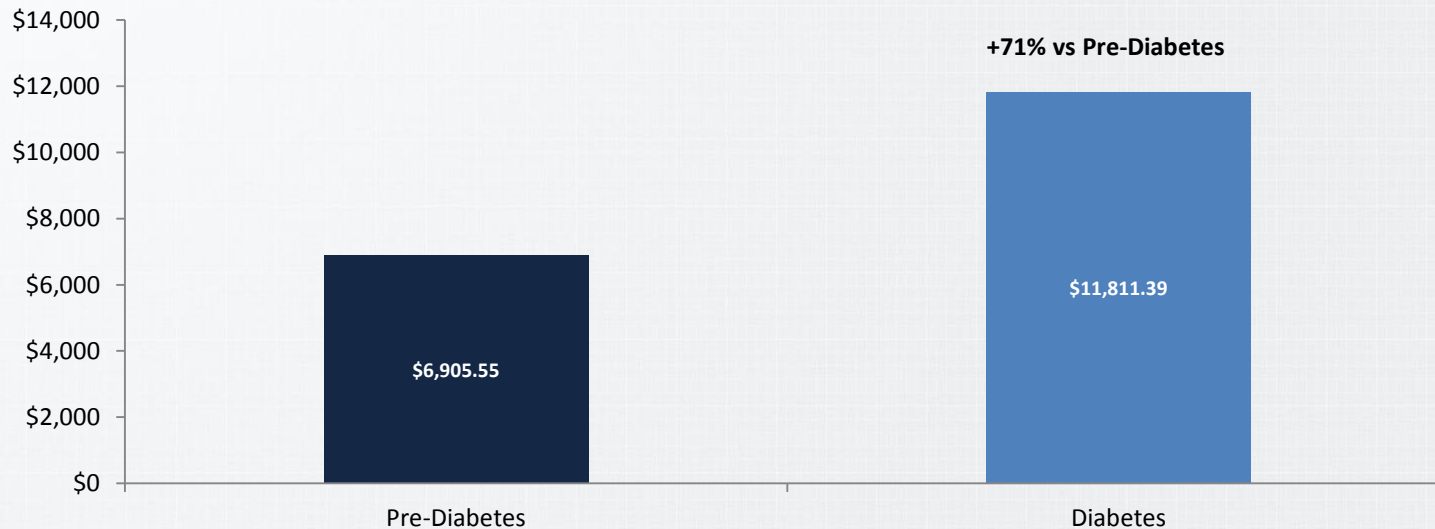




# The Cost of Chronic Disease

- There are over 22,000 pre-diabetics in the Partnership PPO

**Moving from Pre-Diabetes to Diabetes nearly doubles the Healthcare Costs (1.7x)**





# Value Based Benefit Design (VBBD)

- Links the cost of a service to the level of benefit received
- Explicitly use plan incentives to encourage member adoption of “high value” services
- Incentives can include rewards, reduced premium share, adjustments to deductible and co-pay levels, and contributions to fund-based plans, such as a Health Savings Accounts
- Tennessee State Group Plan Examples:
  - Lower co-pay/coinsurance for maintenance tier medications used to treat chronic conditions such as diabetes, high cholesterol and depression
  - Placed chronic medications outside of the deductible for CDHP
  - Lower co-pays for telehealth in 2017
  - Lower convenience care co-pay to the same level as a primary care visit



# Quality

- Medical Errors Are No. 3 Cause Of U.S Deaths
- A Johns Hopkins study estimates that more than 250,000 Americans die each year from medical errors
- Members have access to resources to make informed choices
- Incentivizing quality providers and facilities is another VBBD approach
- The Leapfrog Hospital Survey is the gold standard for comparing hospitals on standards of safety, quality, and efficiency



[www.leapfroggroup.org](http://www.leapfroggroup.org)



[www.hospitalsafetyscore.org](http://www.hospitalsafetyscore.org)



# Hospital Safety Scores

The screenshot shows a web browser window with the URL <http://www.hospitalsafetyscore.org/search?findBy=city&>. The page displays search results for hospitals in Nashville, TN. The results are listed in a table-like format with alternating light and dark blue rows. Each entry includes the hospital name, address, and a link to view the full score. To the right of each entry is a box labeled 'This Hospital's Grade' containing a large letter (A or B) and the text 'Spring 2016'.

Hospital Name	Address	Grade
<b>Tristar Centennial Medical Center</b>	2300 Patterson Street Nashville, TN 37203-1528	A
<b>Vanderbilt University Hospital</b>	1210 Medical Center Dr. Nashville, TN 37232-2102	A
<b>Saint Thomas West Hospital</b>	4220 Harding Road Nashville, TN 37205-2095	B
<b>Tristar Skyline Medical Center</b>	3441 Dickerson Pike Nashville, TN 37207-2539	B
<b>TriStar Southern Hills Medical Center</b>	391 Wallace Road Nashville, TN 37211-4859	A



# Hospital Ratings

[Hospital Ratings | Leapfrog](#)
[Patients & Families | Leapfrog](#)
[Home | Hospital Safety Score](#)

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[Tools](#)
[Help](#)

[Suggested Sites](#)
[Web Slice Gallery](#)

[Inpatient Care Management](#)
[Maternity Care](#)
[High-Risk Surgeries](#)
[Hospital-Acquired Conditions](#)
[Resource Use](#)
[How to Use This Information](#)

Having a baby is one of life's most exciting experiences, but the type of care received in the hospital can vary greatly. This section of the survey examines a hospital's rate of C-sections, early elective deliveries, and episiotomy, as well as performance on standard processes of care and delivery outcomes in high-risk situations. Women and families should use this information to consider which hospital they'd like to use for their child's delivery.

Legend
 [f](#)
[t](#)
[in](#)
[e](#)

Select up to 3 hospitals to compare:	Early Elective Deliveries	Cesarean Sections	Episiotomies	Maternity Care Processes	High-Risk Deliveries
<input checked="" type="checkbox"/> Remove Comparison Sort ✓ <b>Maury Regional Hospital</b> Columbia, TN <a href="#">MORE DETAILS</a>					
✓ <b>Tristar Centennial Medical Center</b> Nashville, TN <a href="#">MORE DETAILS</a>					
✓ <b>Vanderbilt University Hospital</b> Nashville, TN <a href="#">MORE DETAILS</a>					

**Please note:** The information on this site is derived from hospitals' voluntary submissions of The Leapfrog Hospital Survey. This data is derived from third parties, and accordingly Leapfrog disclaims any and all warranties with respect to this data and the Survey. Hospitals that implement these quality, safety, and/or efficiency practices have reported that their internal processes of care include safeguards that may decrease a patient's probability of receiving poor quality and/or inefficient care. However, no specific representation is made, nor should be implied, nor shall Leapfrog be liable for any and all damages or costs with respect to the use of the data, including but not limited to for any individual patient's potential or actual outcome by having a procedure performed at these hospitals. A hospital's placement score does not convey whether its risk-adjusted mortality rate is statistically significantly different from (a) the statewide average or (b) the risk-adjusted mortality rate of any hospital with its score or any other score.

100%
 5:10 PM  
7/18/2016

Feedback



# Tennessee Health Care Innovation Initiative

- Delivery system transformation is essential since the current health care delivery system as a whole is **simply not sustainable**.
- Right now the system is mostly **“fee-for-service”** meaning a service is provided and the provider submits a claim for reimbursement. Therefore **more services means more payment**.
- The initiative’s goal is to **pay for outcomes and for quality care**, rather than for the amount of services provided – **value-based care** instead of volume-based.
- The state is working **collaboratively** with hospitals, medical providers, and payers to work towards meaningful payment reform.
- By working together, we can make significant progress toward **sustainable medical trends and improving care**.

“I believe Tennessee can also be a model for what true health care reform looks like.”

“It’s my hope that we can provide quality health care for more Tennesseans while transforming the relationship among health care users, providers and payers. If Tennessee can do that, we all win.”

– Governor Haslam’s address to a joint session of the state Legislature, March 2013



# Episodes of Care

Patients and providers deliver care as they do today

1



Patients seek care and select providers as they do today

2



Providers submit claims as they do today

3

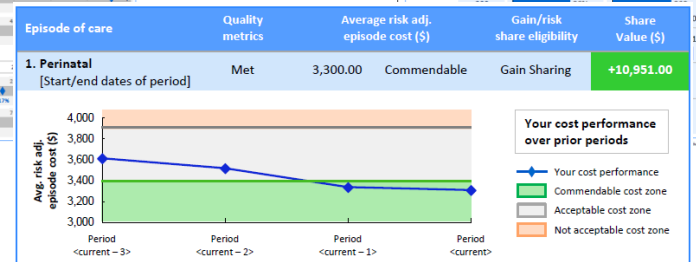
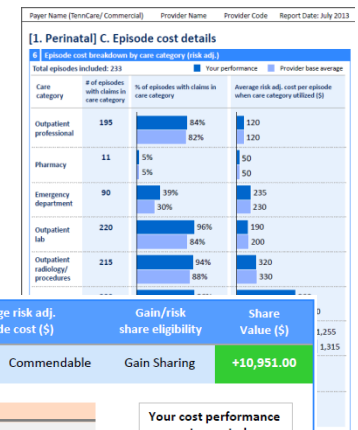
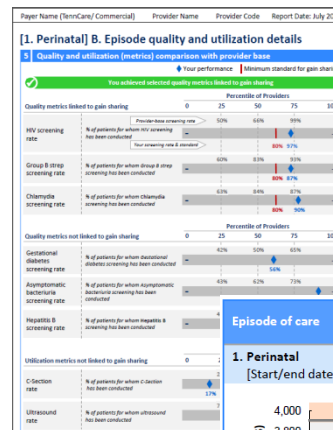


Payers reimburse for all services as they do today

Payers calculate incentive payments based on outcomes after a pre-defined period

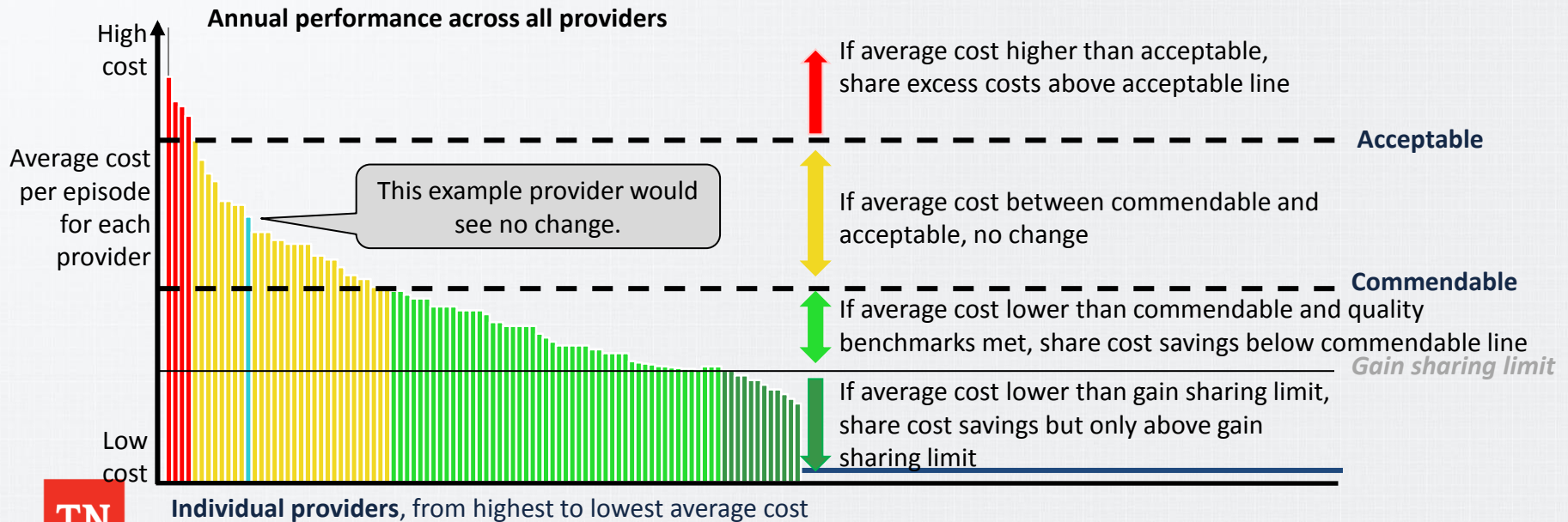
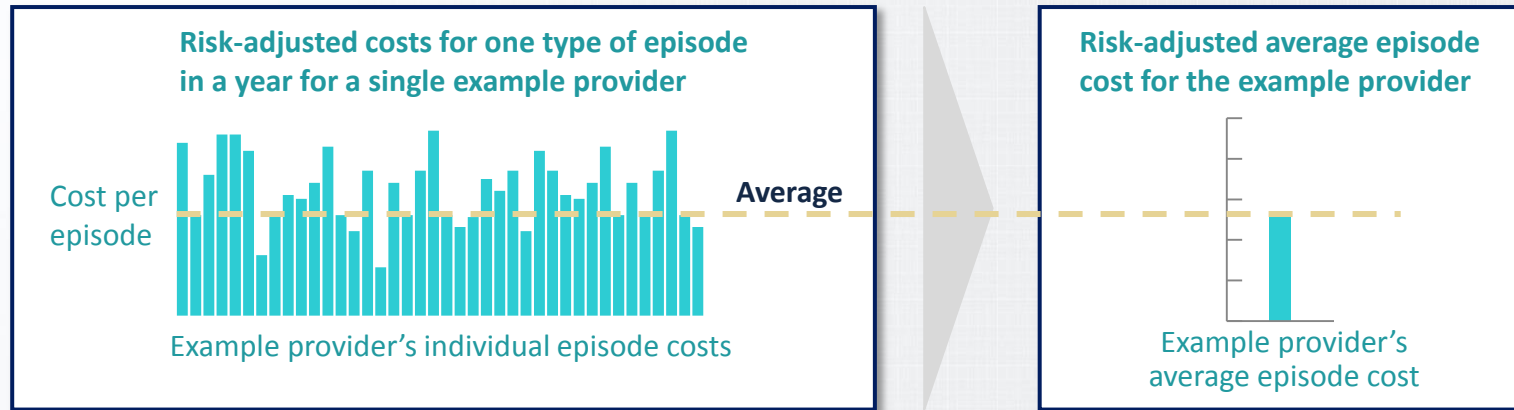


'Quarterbacks' are provided detailed information for each episode which includes actionable data





# Episodes of Care







**THANK YOU**



# PPACA Update

- Federal Marketplace Notice
- Marketplace Letter from Feds
- New Hire Notifications
- FT Rehire
- SSN & Name errors



# Federal Marketplace Notice

[http://www.tn.gov/assets/entities/finance/benefits/attachments/marketplace\\_st.pdf](http://www.tn.gov/assets/entities/finance/benefits/attachments/marketplace_st.pdf)



# Marketplace Letter from Feds

 Health Insurance Marketplace  
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
465 INDUSTRIAL BOULEVARD  
LONDON, KY 40750-0001

B8373-5L P-01106 T-0267 00050261 1 AT 300  
STATE OF TENNESSEE  
BENEFITS MANAGER  
500 JAMES ROBERTSON PKWY  
NASHVILLE, TN 37243-1204  




# New Hire Notifications

- All benefits-eligible new hires must be offered insurance.
- Preferred approach for enrolling is using Employee Self Service (ESS) even when declining insurance.



# New Hire Notifications-Agency

## **Pre-Enrollment Benefits Information letter -**

<https://benefitssupport.tn.gov/hc/en-us/articles/223001228>

## **Orientation Presentation -**

<https://benefitssupport.tn.gov/hc/en-us/articles/223001408>

## **Checklist-**

<https://benefitssupport.tn.gov/hc/en-us/articles/222960647>



# New Hire Notifications- BA

**Notification 1**- If choices have not been made using ESS or if documentation is missing by the 16<sup>th</sup> day of the 31 day enrollment period, ABC and employee will be notified by either email or if no email address, by U.S. Mail.

**Notification 2** - New employee and ABC will be sent a letter after their 31 days has expired informing them that they did not enroll in coverage (waiver letter).

- These notifications will be scanned into Edison and can be viewed on the employee record.
- BA will use these notifications as documentation with our appeal letter to the IRS.



# Full-Time Rehires

- If an employee terminates state employment and is rehired within 13 weeks to any agency, we are required to begin their insurance on the first date of employment.
- BA will notify if you rehire someone that needs to start insurance immediately.



# PPACA 1095

## SSN & Name Errors

- 2300 SSN & Name Errors
- TN needs to submit corrected data or receive penalty
- BA will review documents first and correct



# PPACA 1095

## SSN & Name Errors

- If data matches documents, BA will contact ABC to collect SSN and name verification for the entire family
- Need either:
  - Copy of Social Security Card or
  - Copy of 2015 Tax Return- 1<sup>st</sup> page only with amounts blacked out
- By July 29<sup>th</sup>
- Send to [Ian.Harris@tn.gov](mailto:Ian.Harris@tn.gov)



# What is Zendesk?

- Zendesk is a customer service software that provides a cloud-based customer support platform which allows quicker and easier interaction between businesses and customers.
- Agency Benefits Coordinators will be able to search the knowledge base system for Frequently Asked Questions, policies and procedures.
- Some examples of Articles and FAQ include: “How do I run a collections applied report?” and “I have submitted an enrollment request. How do I know it has been entered?”
- Agency Benefits coordinators will use Zendesk to submit tickets for issues that require further research.
- Zendesk will have articles and Frequently Asked Questions that you will be able to search before submitting a ticket/request.
- Zendesk will take the place of Remedy.



# What is Zendesk?

- When Benefits Administration receives a call from an ABC or employee, a ticket/incident will be created.
  - If the issue cannot be resolved while the analyst is on the phone, the incident will be sent to the BA service desk to be issued to the appropriate department that can answer the question or resolve the issue.
- Benefits Administration strives to resolve the issue within 1.5 business days or less.
- Some examples of issues in which a ticket should be created by an ABC include: billing questions, enrollment delays, eligibility questions, and/or general questions. In many cases, a call to Benefits Administration or creating a ticket may not be necessary. ABCs can find answers to many of their questions by searching Zendesk's knowledge base or viewing Edison Notes.



# Accessing Zendesk

- Agency Benefits Coordinators can access Zendesk at the link below:

[benefitssupport.tn.gov](https://benefitssupport.tn.gov)



# Reminders

- Zendesk went live July 1, 2016
- ABCs will no longer use Remedy
- Save the link to your Favorites for Quick Access
- Zendesk is compatible with all browsers



# June Separations

- **REMINDER:** Initiate the ePAF for separating employees as soon as you know they are leaving
- ePAF can be held at the agency level without being approved and it will still terminate the insurance

	April	May	June
Separations Requiring Refunds	26%	24%	44%
Separations keyed after employee left	66%	68%	77%



# June Separations Agencies Near Goal

- Financial Institutions: 100% keyed timely
- Post Conviction Defenders Office: 100% keyed timely
- Education: 71% keyed timely
- DIDD: 67% keyed timely
- Human Services: 62% keyed timely



# ESS for New Hires

## May 2016 Data

- May ESS Percentage – 84%
- 14 of 35 agencies (40%) that had new hire transactions in May exceeded the 95% goal
- 21 of 34 agencies (60%) either increased or maintained their YTD ESS percentage



# ESS Above Goal - May

Attorney General's Office	100%
Board of Parole	100%
Commerce and Insurance	100%
Correction	96%
Economic and Community Dev	100%
Environment and Conservation	100%
Higher Education Commission	100%
Mental Health	98%
Safety	100%
Secretary of State	100%
Tourist Development	100%
Treasury Department	100%
TRICOR	100%
Wildlife Resources	100%



# ESS Above Goal - YTD

## YTD ESS Percentage – 85%

Attorney General's Office	100%
Board of Parole	100%
Comm on Aging and Disability	100%
Comm on Children and Youth	100%
Commerce and Insurance	96%
Comptroller of the Treasury	97%
Economic and Community Dev	100%
Environment and Conservation	97%
Financial Institutions	100%
Higher Education Commission	100%
Legislature	100%
Mental Health	99%
Military	95%
State Museum	100%
Treasury Department	100%
TRICOR	100%
Wildlife Resources	95%

17 of 42 agencies that had new hire transactions in 2016 are over the 95% goal



# ESS – So Close!!!

Correction	90%
Court System	93%
Human Services	90%
Revenue	90%
TennCare	91%
Transportation	90%





**THANK YOU**